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K. Chad Burgess
Senior Counsel

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SCANA
POWER FOR LIVING

April 24, 2007

COPY
Posted: tod
Dept: SA.
Date: 4/25/07
Time: 10:45

VIA HAND DELIVERY
The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005
Docket No. 2005-386-E

Dear Mr. Terreni:

Enclosed for filing on behalf of South Carolina Electric & Gas Company, Progress Energy Carolinas, Incorporated, and Duke Energy Corporation, is the direct testimony of Dr. Julius A. Wright. Please accept the original and twenty-five (25) copies of this testimony for filing. Additionally, please acknowledge your receipt of this document by file-stamping the extra copy that is enclosed and returning it to me via our courier.

By copy of this letter, we are serving all other parties of record with a copy of the enclosed direct testimony and attach a certificate of service to that effect.

If you have any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosures
cc: Nanette S. Edwards, Esquire
Shannon Bowyer Hudson, Esquire
(All via hand delivery w/enclosures)

RECEIVED
APR 25 2007
PSC SC
DOCKETING DEPT.

Catherine E. Heigel, Esquire
Len S. Anthony, Esquire
Scott Elliott, Esquire
Sherry A. Quirk, Esquire
Montina A. Cole, Esquire
Judith Kim, Esquire
(All via first-class mail w/enclosures)

RETURN DATE: 4/24/07 ok
SERVICE: ok tod

BEFORE THE

PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-386-E

Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005	**CERTIFICATE OF SERVICE**

This is the certify that I have caused to be served this day one (1) copy of the **Direct Testimony of Dr. Julius A. Wright** via U.S. Mail to the persons named below at the addresses set forth:

Len S. Anthony, Esquire
Progress Energy Carolinas, Inc.
PO Box 1551
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Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC 29205

Judith Kim, Esquire
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Sherry A. Quick, Esquire
Montina M. Cole, Esquire
Sullivan and Worcester, LLP
1666 K. Street, N.W.
Washington, DC 20006

Catherine E. Heigel, Esquire
Duke Energy Corporation
PO Box 1006, EC03T
Charlotte, NC 28201-1066

Karen M. Scruggs

Columbia, South Carolina
This 24th day of April 2007

BEFORE THE

PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-386-E

Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005	)	**CERTIFICATE OF SERVICE**

This is the certify that I have caused to be served this day five (5) copies of the **Direct Testimony of Dr. Julius A. Wright** via hand delivery to the persons named below at the addresses set forth:

Nanette S. Edwards, Esquire
Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201

Karen M. Scruggs

Columbia, South Carolina
This 27th day of April 2007

BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. 2005-386-E

In Re:	)
	)
In the Matter of Considering	)
Implementation of The Requirements	)
Of Section 1252 (Smart Metering) of	)
The Energy Policy Act of 2005	)

DIRECT TESTIMONY OF JULIUS A. WRIGHT, Ph.D.

April 24, 2007

DIRECT TESTIMONY OF
JULIUS A. WRIGHT, Ph.D.

ON BEHALF OF SOUTH CAROLINA ELECTRIC & GAS COMPANY,
DUKE ENERGY CAROLINAS, AND PROGRESS ENERGY CAROLINAS

PSCSC DOCKET No. 2005-386-E

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A. My name is Julius A. Wright, President, J. A. Wright & Associates, LLC., 3037 Loridan Way, Atlanta, Georgia 30339

Q. FOR WHOM ARE YOU PRESENTING TESTIMONY IN THIS DOCKET?

A. I am presenting testimony on behalf of South Carolina Electric & Gas Company, ("SCE&G"), Duke Energy Carolinas, LLC ("Duke") and Carolina Power and Light Company, d/b/a Progress Energy Carolinas, Inc. ("Progress") or collectively referred to as the "Companies".

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Chemistry from Valdosta State College in 1974. I later earned an MBA in Finance from Georgia State University in Atlanta, Georgia, a Masters and Ph.D. in Economics from North Carolina State University, where I focused on regulatory and environmental economics. I have completed the Michigan State Regulatory Course, several NARUC courses on regulation, and various management and investment seminars.

I am the President of J. A. Wright & Associates, LLC. Prior to starting my practice, I was a Client Partner for AT&T Solutions, Utilities and Energy Practice. Before that affiliation, I was a Utility Consultant for three years with EDS. Prior to that I was a Commissioner on the North Carolina Utilities Commission. I also served three terms in the North Carolina State Senate. During the time that I was a Senator, I was also a Senior Process Engineer with Corning Glass in its Fiber Optic Division. Prior to my work at Corning, I worked for four years in the chemical industry, first as a Process Chemist and later as a Senior Project Engineer.

In the course of my consulting work, I have addressed various regulatory issues, including: integrated resource planning; regulatory strategies for dealing with the transition to competitive electric and telecommunications markets; issues related to potentially strandable costs; prudence reviews; avoided cost determinations; rate forecasting; gas integrated resource planning; and, electric utility telecommunications strategies.

From 1985 to 1993, in my role as a commissioner on the North Carolina Utilities

Commission I was involved in numerous electric, gas, telecommunications, water utility issues and decisions. My detailed resume is provided as Exhibit JAW-1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to address an issue raised by the Public Service Commission of South Carolina (the "Commission") in its January 17, 2006, Notice Of Filing in this docket. Specifically, this hearing is to consider whether or not it is appropriate to adopt the smart metering standard set forth in the Energy Policy Act of 2005 ("EPA 2005"). (EPA 2005 referred to smart metering as time-based metering).

Q. WHAT IS YOUR RECOMMENDATION WITH REGARD TO THE TIME-BASED METERING STANDARD BEING ADDRESSED IN THIS PROCEEDING?

A. I agree with the testimony of Mr. Randy Watts of the Office of Regulatory Staff ("ORS") that the Companies already offer time-based metering tariffs similar to those being proposed by EPA 2005. Moreover, the policies of the State of South Carolina, along with the rules and various prior Orders of this Commission, demonstrate that these time-based tariffs meet the proposed new PURPA time-based metering standard that is the subject of this proceeding. I would add that this Commission, in this Docket in Order No. 2007-178, indicated that ninety-nine percent of South Carolina's customers of regulated utilities are presently offered time-of-use rates. Based on this evidence, I recommend that this

Commission find that the adoption of the EPA 2005 time-based metering standard is unnecessary and decline to adopt the proposal standard. In the following sections I will provide more detailed information supporting this recommendation.

II. BACKGROUND

Q. CAN YOU PROVIDE A HISTORICAL PERSPECTIVE ON THE INITIATION OF THIS PROCEEDING?

A. Yes. The genesis of the current docket actually grew out of federal legislation and national energy initiatives begun in the 1970s. In 1978, the United States Congress passed the Public Utility Regulatory Policies Act of 1978 ("PURPA") the basic purpose of which was to foster conservation of electricity, promote more efficient production of electricity, and to promote among state utility regulators more consistent, and what many have termed, more equitable cost-based electric rate tariffs.[1] In promoting these goals, Title I of this 1978 law contained several standards to be considered, but not required to be adopted, by state regulatory commissions. These standards addressed such issues as (1) cost of service;

[1] For example, see Bonbright, J. C, et. al., "Principles of Public Utility Rates," Public Utility Reports, Inc., Arlington, VA., 2nd Edition, 1988, pp 416, 477; Phillips, Charles, "The Regulation of Public Utilities," Public Utility Reports, Inc., Arlington, VA., 3rd Edition, 1993, pp 655-661.

(2) declining block rates; (3) time-of-use rates; (4) seasonal rates; (5) interruptible rates; and, (6) load management techniques.[2]

It is important to note that the adoption by state utility commissions of these new standards was optional, as clearly seen in the specific language of the law which stated, "each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard" and then "make a determination concerning whether or not it is appropriate to implement such standard." The statute went on to say that "nothing in this subsection prohibits any state regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard." There was also a "prior state action" provision that permitted States to consider prior actions that might have addressed the same issues and "grandfather" such actions in lieu of conducting an evidentiary hearing to address the proposed standards. Regardless of the action taken, States were required by the law to specify in writing the reasons for their decisions. In 1992, PURPA was amended by the Energy Policy Act of 1992 which added several additional standards to be considered. The issue in this docket has been generated by another amendment to PURPA contained in EPA 2005.

[2] It should be noted that this 1978 PURPA law may be best known for its Title II, which encouraged increased use of cogeneration and small power producers.

Q. PLEASE EXPLAIN THE AMENDMENTS TO PURPA FROM EPA 2005 WHICH ARE THE BASIS OF THIS PROCEEDING.

A. EPA 2005 amended PURPA requiring state regulatory authorities, with respect to electric utilities, to consider whether or not to adopt several new electric energy efficiency related standards. Among these standards, the one that is the focus of this proceeding is a time-based smart metering standard. The statutory text of the specific PURPA Amendments addressed in this proceeding is set forth in Section 1252, Exhibit JAW-2.

Q. WITH RESPECT TO THE ISSUES INVOLVED IN THIS HEARING, WHAT SPECIFIC ACTION IS BEING REQUIRED OF STATE REGULATORS?

A. Specifically, State regulatory commissions have a set period of time within which EPA 2005 requires that they begin consideration of the proposed new PURPA standards and an additional period of time in which they must complete their consideration and make a determination as to whether or not to adopt the standards. Section 111(b) of PURPA (see Exhibit JAW-3) requires state regulatory bodies to adhere to certain procedural guidelines in their consideration of the new standards. These include the requirement that the regulatory body's determination be made after public notice and a hearing, and that such determination be "based upon findings included in such determination and upon the evidence presented at the hearing." Moreover, if regulatory commissions decline to implement any of the proposed standards they must do so by specifying their decision and

reasoning in writing (see Exhibit JAW-3, PURPA section 111(c)). The current proceeding and any subsequent Commission Order should fully satisfy these timing and procedural requirements.

Q. YOU MENTIONED STATES HAD A DEADLINE FOR RESPONDING TO THE ISSUE THAT IS THE SUBJECT OF THIS PROCEEDING; WHAT ARE THOSE TIMING DEADLINES?

A. With respect to the time based metering standard, State commissions have until August 8, 2007 to begin consideration of the proposals. By August 8, 2008 they must complete their deliberations and issue an order on whether or not to adopt the federally proposed standard.

Q. PLEASE BRIEFLY DISCUSS HOW STATES RESPONDED TO THE EARLIER REQUIREMENTS OF PURPA.

A. Several of the energy efficiency standards contained in the original PURPA in 1978 were adopted by state utility commissions. However, some standards were not adopted and after hearings, some states determined that they had already examined the issues and adopted comparable standards prior to the enactment of PURPA. For example, in South Carolina, this Commission in Docket No. 79-300-E, Order No. 80-474, Section XI, August 29, 1980, found that Duke had adopted programs and tariffs essentially equivalent to PURPA's proposed standards on declining block rates, time-of-use rates, seasonal rates, and

load management. In this same Order the Commission declined to adopt the proposed lifeline rate. Consequently, this Commission, in evaluating earlier standards under PURPA, has both rejected certain proposed standards or in the alternative, concluded that the Commission and utilities had already undertaken activities essentially comparable to the proposed PURPA standards.

Q. WHAT IS REQUIRED UNDER EPA 2005 WITH RESPECT TO A PROCEEDING REGARDING THE PROPOSED TIME-BASED METERING STANDARD?

A. The proposed time-based metering standard, EPA 2005 (see Section 1252, JAW Exhibit-2) indicates that a state commission must have conducted a proceeding considering implementation of time-based metering within the previous three years before enactment of EPA 2005. Due to the fact that the Commission addressed the issue of time-based metering more than three years prior to the enactment of EPA 2005, the current proceeding is necessary to comply with EPA 2005.

III. TIME-BASED METERING

Q. WHAT IS THE TIME-BASED METERING STANDARD STATE REGULATORS ARE BEING REQUIRED TO CONSIDER PURSUANT TO EPA 2005?

A. Specifically, the new standard to be considered requires that "each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology" (Section 1252(a)(14)(A), Exhibit JAW-2).

Q. PLEASE DEFINE "TIME-BASED METERING" AS PROPOSED BY EPA 2005.

A. The proposed standard for consideration suggests an appropriate definition by providing a list of the kinds of tariff offerings that would be considered time-based rates with these rate schedules possibly being supported by time-based metering (see Exhibit JAW-2). This includes:

- time-of-use pricing where the electricity prices are set for specific time periods, typically not changing more often than twice a year and based on the utility's cost,

where such pricing allows customers to vary their usage and thus manage their energy costs in response to these prices,

- critical peak pricing whereby time-of-use prices are in effect except for certain peak days when the cost of the electricity consumed is at its peak and when consumers may receive discounts for reducing their peak period consumption;
- real-time pricing whereby electricity prices reflecting, as often as hourly, the utility's cost of the electricity consumed; and
- "credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations."

From these examples it is clear the proposed standard envisions time-based metering as essentially time-based pricing plans. The standard goes on to propose that "Each electric utility subject to subparagraph (A) shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, specifically."

Q. ARE THERE ANY SOUTH CAROLINA LAWS THAT SPECIFICALLY ADOPT A POLICY RELATED TO TIME-BASED METERING OR TIME-BASED RATES?

A. Yes, South Carolina Code Ann. § 58-27-840 provides that " Subject to the approval of the Commission, however, electrical utilities, distribution electric cooperatives and consolidated political subdivisions may establish classifications of rates and services and such classifications may take into account the conditions and circumstances surrounding the

service, *such as the time when used,* the purpose for which used, the *demand upon plant facilities, the value of the service rendered* and any other reasonable consideration" (emphasis added). One intent of this statute is clearly to provide the Commission with sufficient authority to adopt time-based rates.

Q. WITH RESPECT TO TIME-BASED RATES OR METERING, HOW HAS THE COMMISSION ADDRESSED THESE POLICY OBJECTIVES?

A. The South Carolina Commission and the Companies have been actively promoting time-based rates for at least the last two plus decades. For example, Progress was among the first utilities in the country to consider time-rated rates when in June 1977 it participated in a Federal Energy Administration demonstration program. This project involved the use of fourteen distinct time-based rates designs to consider residential customers' response to time-differentiated pricing. The project led to the introduction of voluntary time-based rates for all residential and small general service beginning in 1982 (Docket No. 81-163-E, Order No. 82-284), and for large general service in 1983 (Docket No. 82-328-E, Order No. 83-583). As early as 1977 Duke (Docket No. 77-2-E, Order No. 77-690, October 11, 1977) implemented a time-of-use rate schedule for a limited number of residential, general service, and industrial customers. In 1980 Duke began to expand this time-of-use program on a more system-wide basis including all three classes of customers (Docket No. 79-300-E, Order 80-474, August 29, 1980; Docket No. 80-15-E, Order No. 80-57, Jan. 28, 1980; and later in Docket No. 81-111-E, Order No. 80-374, May 20, 1981). SCE&G began

offering time-of-use rates at least as early as 1982 (Docket No. 81-72-E, order No. 82-212, April 1, 1982).

Q. PLEASE DISCUSS THE TIME-BASED RATES AVAILABLE FROM THE COMPANIES TODAY.

A. All three Companies offer voluntary time-based rates for virtually every customer, including residential, commercial, and industrial. Furthermore, these rate options for some customers can be supplemented by more advanced metering with some communication capabilities. Referring to the suggested time-based metering definitions in EPA 2005, one type of. time-based rate structure would have pricing, known by customers, where the electricity prices are set for specific time periods, typically not changing more often than twice a year. For residential customers, Duke's Tariff RT(SC), SCE&G's Rate 5, and Progress Energy's R-TOUD and R-TOUE comply with this definition. For general service and industrial customers, Duke's Tariff OPT, SCE&G's rates 16, 21, 21A, and 24, and Progress rates SGS-TOU, SGSTES, and LGS-TOU comply with this definition. These time-of-use rates, coupled with the Companies' curtailable load riders, meet the definition of critical peak pricing identified in EPA 2005 as another of the four time-based metering standards.

A third type of time-based rates suggested in the definition in EPA 2005 is pricing that reflects, as often as hourly, the utility's cost of the electricity consumed. Duke currently offers rate HPX, SCE&G rate 27, and Progress rate LGS-RTP, all of which are hourly, real time, pricing.

A fourth type of time-based rate offerings suggested by EPA 2005 is credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations. These types of load management programs are often referred to as curtailable or interruptible rates. From the reading of an earlier Order, all three Companies apparently had these type, and other, load management programs as early as the mid 1970s (see Docket No. 77-2-E, Order No. 77-799, Nov. 22, 1977 – this Order mentions that each Company offered testimony indicating they already had some load management programs underway). Today, all three Companies continue to have interruptible, load curtailment tariffs that include credit for customers who reduce their load at critical times. For example, SCE&G's Tariffs 23 and 24 allow eligible customers to be provided service under an interruptible tariff structure. For Duke, their interruptible programs are found in tariffs LC, IS, SG, and CS. Progress Energy's interruptible tariffs are CL-4A, 58E, and schedule LGS-CUR-TOU-7 for general service customers.

In sum, all three Companies already offer a variety of time-based pricing and load control programs essentially identical to those suggested by EPA 2005.

Q. HAVE THESE TIME-BASED RATE AND METERING OFFERINGS BEEN ACCEPTED AND USED BY THE COMPANIES' CUSTOMERS?

A. Yes. Currently, Progress has over 5,300 customers, Duke has approximately 4,500 customers, and SCE&G over 800 customers taking advantage of these various time-of-use rates.

Q. DO THE COMPANIES INCLUDE IN THEIR TIME-BASED RATE OFFERINGS ADDITIONAL OPTIONS SUCH AS SMART METERS?

A. All three utilities currently offer more advanced metering technologies. At the residential level, this is primarily remote meter reading which is available for all residential and small commercial customers for Duke and Progress, and is being installed at SCE&G. For larger customers, there is more penetration of what some have termed smart meters (as characterized by two-way communication capability). For example, Duke has a program sending day-ahead pricing to larger customers signed onto this particular program. To the extent these customers can shift their load, on those days with high demand and thus high marginal energy costs, the customer can adjust their usage and reduce their electric bill significantly, while at the same time helping the Company conserve energy on peak demand days. Progress has a similar program using a computer based customer interface. All three Companies have metering capability to send load pulses from a customer's meter, assuming the customer has signed on and pays for this service, which the customer can use in its energy management up to and including customer initiated load control. This service is currently used by larger customers. Customers at all three utilities can also receive 15 minute interval data about their energy usage, and this data is usually available on a next day basis, again a service subscribed to by larger commercial and industrial customers. However, it is important to note that any customer, including residential in many service areas, can receive a smart meter with some communication capability if that customer is willing to pay for this service. To date, because of the expense and lack of interest, essentially no residential customers have applied for these types of smart meters.

Q. FROM YOUR PERSPECTIVE, HAVE THE STATE AND THESE THREE COMPANIES ALREADY ADOPTED TIME-BASED RATES AND METERING STANDARDS COMPARABLE TO WHAT IS BEING PROPOSED FOR CONSIDERATION UNDER EPA 2005?

A. Yes. Similar to the conclusion reached by ORS witness Watts, time-based rates have been available in South Carolina for almost three decades and the Companies continue to update their time-of-use offerings, for example, with the hourly metering options now available. In addition, the Companies offer advanced metering and interruptible load management options comparable to what has been suggested by the proposed standard. Therefore, based on the fact that time-based rates are available to virtually every customer of these utilities and that many have the capability to choose and pay for more advanced metering services, it is apparent that the Companies and this Commission have already adopted time-based rates and advanced metering objectives generally comparable to what is being proposed in this particular EPA 2005 standard.

Q. WHAT IS YOUR RECOMMENDATION WITH REGARD TO WHETHER OR NOT THIS COMMISSION SHOULD ADOPT THE TIME-BASED RATE STANDARD PROPOSED BY EPA 2005?

A. I am in agreement with ORS witness Watts in that I believe adoption of this standard is unnecessary. As I have shown in my testimony on this issue, the State and this

Commission have adopted and for many years been operating with time-based rates and various forms of load control and advanced metering devices. Therefore, I believe the Commission, similar to the 1978 PURPA standards, should find that the State and these utilities, for some period of time, have been operating with time-based rates and advanced metering standards generally comparable to what is being proposed in this particular EPA 2005 standard. Furthermore, based on these prior and ongoing initiatives, I recommend that the Commission decline to adopt the EPA 2005 time-based metering standard.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

EXHIBIT JAW-1

Julius A. "Chip" Wright is the President of J. A. Wright and Associates, 3037 Loridan Way, Atlanta, GA, 30339; 770-956-1225; jawright@mindspring.com.

Experience Overview

Prior to starting his firm, Dr. Wright was a Client Partner for AT&T Solutions Utilities and Energy Practice and before that a Principal in EDS' Management Consulting Services. Dr. Wright has been consulting electric gas, and telephone utilities on regulation, economics, rates, production modeling and strategic planning for the past three years. Prior to this Dr. Wright served an eight-year term as a Utility Commissioner for the state of North Carolina. Prior to that he served three terms in the North Carolina State Senate while he was a senior project engineer for Corning Glass Works on their optical wave guide project in Wilmington, North Carolina. He has a total of 14 years' government-related experience, 12 years' plant-related engineering experience, and he has established two companies.

While serving on the North Carolina Utility Commission, he served four years on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee. He has served in various other advisory capacities, including the Keystone Committee on Externalities; the North Carolina Radiation Protection Committee, and on an Oversight Committee for a joint North Carolina/New York/ Department of Energy (DOE) project.

Dr. Wright has also served on the Southern States Energy Board Task Force on Restructuring the Electric Utility Industry.

Electric Competition Natural Gas, and Regulatory Strategy

- "*Energy Deregulation,*" March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

- Principal author with Dr. Al Danielsen of "*Reliability of Electric Supply In Georgia,*" published by The Bonbright Utilities Center, University of Georgia, June, 2001.

- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.

- Was the principal author of a report and investigation titled "*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply,*" which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.

- Co-authored a national study that used computer modeling techniques to quantify the impact of electric competition on the aggregate economy in each of the 48 continental United States.

- Presented testimony to Louisiana Legislative Committee on behalf of Entergy Corporation regarding the various regulatory and technical issues that need to be addressed in the transition to competition.

- Presented testimony For Virginia Power with regard to its transition to competition plan.

- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices.

- Presented testimony for Entergy Corp. in both Louisiana and Arkansas in support of its transition to competition filing.

- Worked with three major southeastern utilities on developing business and regulatory strategy as they prepare for competition.

- Filed a report with the South Carolina Legislature that studied the impact of electric competition on the state of South Carolina.

- Was a panelist on a Southern Gas Association national televised forum on performance based regulation for the natural gas industry.

- Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.

- Developed regulatory and marketing strategy for ENTERGY with regard to its telecommunications initiatives. In these efforts he worked with the EDS Telecommunications Consulting Group.

- Led an analysis of the prudence of Central Vermont Public Service Company's power and resource acquisitions over a five year period. The prudence of this utility's power supply strategy was under investigation in a rate case proceeding. Dr. Wright's team filed testimony supporting the Company and their efforts were instrumental in undermining the charges of imprudence brought by the Company's opposition.

- Developed an EDS intra-company task force to address the issues related to FERC's Transmission NOPR. This task force subsequently filed three responses to FERC's Open Access NOPR which provide a basis for EDS to maintain a leadership position as the electric utility industry undergoes restructuring to a competitive market.

- Helped develop a regulatory strategy and presented testimony on behalf of South Carolina Pipeline. In this case, an economic analysis prepared by Dr. Wright and Dr. Frank Cronin (from EDS Economic Planning and Analysis Consulting Group) was presented along with

recommendations. Their analysis and recommendations were generally accepted by the Commission staff.

Resource Planning & Economic Analysis

As a Commissioner he has been involved in a variety of resource planning issues including chairing the last North Carolina Resource Planning hearing that involved Duke Power Company, Carolina Power and Light, Virginia Power Company and the North Carolina Electric Membership Corporation.

He was also selected by the states of North Carolina and New York and the Department of Energy to be one of five representatives on a peer review panel overseeing a Resource Planning project being conducted by the Oak Ridge National Laboratories.

In addition to these initiatives Dr. Wright has:

- Was the principal author of a report and investigation titled "*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply,*" which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.

- Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.

- Was instrumental in acquiring a large engagement for a major southeastern utility examining their competitive position as it relates to a competitive electric market. During the engagement he provided input and guidance on regulatory issues related to the deregulation of the electric industry.

- Assisted Carolina Power and Light Company in their integrated resource planning process by advising and facilitating a Commission directed public policy panel.

- Developed an overview of Niagara Mohawk Gas' integrated resource planning efforts. This engagement was under a contract from Oak Ridge National Laboratories.

Cost of Service, Rate Design, Forecasting

While serving more than eight years on the North Carolina Commission, Dr. Wright was involved in several cost of service and rate design analyses, testimonies, and orders. This included work in electric, telephone, gas, and water utilities. Additionally, he has presented testimony on performance based ratemaking and he has been involved in analyzing electric utility forecasting models, including end-use models, regression analysis (both linear and nonlinear) and customer discrete choice modeling forecasts. Furthermore, Dr. Wright's Ph.D. is in environmental and regulatory economics with special research into nonlinear minimal cost optimization procedures

for electric utility production models. This work included optimizing investments, optimal regulatory regimes, pricing, cost recovery, and rate of return issues.

In addition, he has:

- Provided an economic analysis of the proper regulatory regime for South Carolina Pipeline Company. In this analysis he presented testimony supporting performance based rate making and his recommendations were generally accepted by the Commission staff.

- Developed forecasted rates for two New York state utilities. These rates were developed to support a bond filing by a cogenerator.

- Provided a forecast of power payments from New York State Electric and Gas (NYSEG) to two independent power producers (IPPs). This forecast was used to estimate the level of overpayments by NYSEG to these IPPs, under PURPA regulations, which he used in a filing before FERC supporting the company's claim of unlawful overpayments.

Telecommunications

As a Commissioner he has regulated all types of telecommunications providers for eight years. In addition, he has worked with two electric utilities in strategy formulation in regard to their entering the telecommunications business. Furthermore, he has eight years experience as a fiber optic engineer.

Other Areas of Expertise

Prior to joining EDS, he worked for eight years as a senior process engineer for Corning Glass in the design and production of optical waveguides (or fiber optics). Prior to that he worked for four years in the chemical industry as a process chemist and later as a senior project engineer. He has done work in environmental monitoring, process and product improvement, plant utilization, as well as starting and selling two successful companies - one in the financial leasing business and the other in the entertainment industry.

Presentations and Publications

"*Energy Deregulation,*" March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

"Low Cost States and Electric Restructuring -
The Issue is the Price!" presented to the1999 Miller Forum on Government, Business and the Economy, University of Southern California, April 19, 1999.

An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply, Illinois Commerce Commission Docket No. 98-0514.

The Impact of Competition on the Price of Electricity, author, published by L. A. Wright and Associates, November, 1998.

"Retail Competition in the Electric Industry: The Impact on Prices," presented at the 18th Annual Bonbright Center Energy Conference, Atlanta, Georgia, Sept. 10, 1998.

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Testimony

- Provided both Direct and Rebuttal Testimony for Duke Energy, Progress North Carolina, and Dominion Resources in their 2005 North Carolina Integrated Resource Planning Hearing, Docket No E100 Sub 103, June, 2006.

- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system, Docket number 19142-U, April, 2005.

Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.

Presented testimony before the South Carolina Public Service Commission on behalf of South Carolina Pipeline Corporation regarding issues related to its annual review of gas costs as reflected in its purchase gas adjustment charge, Docket No. 1999-007-G, September, 1999.

Presented testimony before the Arkansas Public Service Commission on behalf of Entergy Arkansas, Inc. regarding regulatory policies related to the definition of public utilities as it impacts citing requirements of non-utility owned generating facilities, Dockets No. 98-337-U, March 9, 1999.

Presented Rebuttal and Surrebuttal testimony before the Louisiana Public Service Commission on behalf of Entergy Louisiana, Inc. and Entergy Gulf States regarding regulatory policies related to stranded cost recovery and on the issue of whether investors have been compensated for the risk of not recovering stranded costs, Dockets Nos. U-22092SC and U-20925, September, 1998.

Presented testimony to the South Carolina Public Utility Commission for South Carolina Pipeline Corp. related to acquisition adjustments and regulatory policies related to performance based regulation, Docket No. 90-588-G, June, 1998.

Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices, April 16, 17, 1997.

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Rebuttal testimony on behalf of Central Vermont Public Service Company, Docket 5724, September 7, 1994.

Surrebuttal testimony on behalf of Central Vermont Public Service Company, Docket No. 5724, September 9, 1994.

Education

Dr. Wright received a Ph.D. in Economics from North Carolina State University, focusing on regulatory and environmental economics, and is a member of the honor society.

He received an MBA in finance from Georgia State University in 1978, graduating with honors.

He received a Master of Economics from North Carolina State University in 1991 and was a member of the honor society.

He received a B.S. in Chemistry from Valdosta State College in Valdosta, Georgia, graduating Magna Cum Laud.

In addition, he has completed the Michigan State University Regulatory Course, several other NARUC courses on regulation, been an instructor on regulatory issues at several NARUC courses, completed management courses at Corning Glass and financial seminars at Bank Boston and Merrill Lynch dealing with regulation.

JAW EXHIBIT JAW-2

SEC. 1251. NET METERING AND ADDITIONAL STANDARDS.

"(12) FUEL SOURCES.-Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a divergent range of fuels and technologies, including renewable technologies.

"(13) FOSSIL FUEL GENERATION EFFICIENCY.-Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.".

(b) COMPLIANCE.-

(1) TIME LIMITATIONS.-Section 112(b) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622(b)) is amended by adding at the end the following:

"(3)(A) Not later than 2 years after the enactment of this paragraph, each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall commence the consideration referred to in section 111, or set a hearing date for such consideration, with respect to each standard established by paragraphs (11) through (13) of section 111(d).

"(13) Not later than 3 years after the date of the enactment of this paragraph, each State regulatory authority (with respect to each electric utility for which it has rate-making authority), and each nonregulated electric utility, shall complete the consideration, and shall make the determination, referred to in section 111 with respect to each standard established by paragraphs (11) through (13) of section 111(d).".

(2) FAILURE TO COMPLY.-Section 112(c) of the Public Utility Regulatory Policies Act of 1978 (16 U. S.C. 2622^(c)) is amended by adding at the end the following:

"In the case of each standard established by paragraphs (11) through (13) of section 111(d), the reference contained in this subsection to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of such paragraphs (11) through (13).

(3) PRIOR STATE ACTIONS.-

(A) IN GENERAL.-Section 112 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622) is amended by adding at the end the following:

"(d) PRIOR STATE ACTIONS.-Subsections (b) and (c) of this section shall not apply to the standards established by paragraphs (11) through (13) of section 111(d) in the case of any electric utility in a State if, before the enactment of this subsection -

"(1) the State has implemented for such utility the standard concerned (or a comparable standard);

"(2) the State regulatory authority for such State or relevant nonregulated electric utility has conducted a proceeding to consider implementation of the standard concerned (or a comparable standard) for such utility; or

"(3) the State legislature has voted on the implementation of such standard (or a comparable standard) for such utility.".

(B) CROSS REFERENCE.-Section 124 of such Act (16 U.S.C. 2634) is amended by adding the following at the end thereof. "In the case of each standard established by paragraphs (11) through (13) of section 111(d), the reference contained in this subsection to the date of enactment of this

Act shall be deemed to be a reference to the date of enactment of such paragraphs (11) through (13).

SEC. 1252. SMART METERING.

(a) IN GENERAL.-Section 111(d) of the Public Utilities Regulatory Policies Act of 1978 (16 U.S.C. 2621 (d)) is amended by adding at the end the following:

"(14) TIME-BASED METERING AND COMMUNICATIONS.-

"(A) Not later than 18 months after the date of enactment of this paragraph, each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.

"(B) The types of time-based rate schedules that may be offered under the schedule referred to in subparagraph (A) include, among others---

"(i) time-of-use pricing whereby electricity prices are set for a specific time period on an advance or forward basis, typically not changing more often than twice a year, based on the utility's cost of generating and/or purchasing such electricity at the wholesale level for the benefit of the consumer. Prices paid for energy consumed during these periods shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall;

"(ii) critical peak pricing whereby time-of-use prices are in effect except for certain peak days, when prices may reflect the costs of generating and/or purchasing electricity at the wholesale level and when consumers may receive additional discounts for reducing peak period energy consumption;

"(iii) real-time pricing whereby electricity prices are set for a specific time period on an advanced or forward basis, reflecting the utility's cost of generating and/or purchasing electricity at the wholesale level, and may change as often as hourly; and

"(iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations.

"(C) Each electric utility subject to subparagraph (A) shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, specifically.

"(D) For purposes of implementing this paragraph, any reference contained in 8 shall be deemed to be a reference to the date of enactment of this paragraph.

"(E) In a State that permits third-party marketers to sell electric energy to retail electric consumers, such consumers shall be entitled to receive the same time-based metering and communications device and service as a retail electric consumer of the electric utility.

"(F) Notwithstanding subsections (b) and (c) of section 112, each State regulatory authority shall, not later than 18 months after the date of enactment of this paragraph conduct an investigation in accordance with section II 5(i) and issue a decision whether it is appropriate to implement the standards set out in subparagraphs (A) and (C).".

(b) STATE INVESTIGATION OF DEMAND RESPONSE AND TIME-BASED

METERING.-Section 115 of the Public Utilities Regulatory Policies Act of 1978 (16 U.S.C. 2625) is amended as follows:

(1) By inserting in subsection (b) after the phrase "the standard for time-of-day rates established by section 111(d)(3)" the following: "and the standard for time-based metering and communications established by section 111(d)(14)".

(2) By inserting in subsection (^b) after the phrase "are likely to exceed the metering" the following: "and communications".

(3) By adding at the end the following:

"(i) TIME-BASED METERING AND COMMLTNICATIONS.-In making a determination with respect to the standard established by section 111 (d)(I 4), the investigation requirement of section 111(d)(14)(F) shall be as follows: Each State regulatory authority shall conduct an investigation and issue a decision whether or not it is appropriate for electric utilities to provide and install time-based meters and communications devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs.".

(c) FEDERAL ASSISTANCE ON DEMAND RESPONSE.-Section 132(a) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2642(a)) is amended by striking "and" at the end of paragraph (3), striking the period at the end of paragraph (4) and inserting "; and", and by adding the following at the end thereof: "(5) technologies, techniques, and rate-making methods related to advanced metering and communications and the use of these technologies, techniques and methods in demand response programs.".

(d) FEDERAL GUIDANCE - Section 132 of the Public, Utility Regulatory Policies Act of 1978 (I 6 U.S.C. 2642) is amended by adding the following at the end thereof:

"(d) DEMAND RESPONSE-The Secretary shall be responsible for-

"(1) educating consumers on the availability, advantages, and benefits of advanced metering and communications technologies, including the funding of demonstration or pilot projects;

"(2) working with States, utilities, other energy providers and advanced metering and communications experts to identify and address barriers to the adoption of demand response programs; and

"(3) not later than 180 days after the date of enactment of the Energy Policy Act of 2005, providing Congress with a report that identifies and quantifies the national benefits of demand response and makes a recommendation on achieving specific levels of such benefits by January 1, 2007.".

(e) DEMAND RESPONSE AND REGIONAL COORDINATION.-

(1) TN GENERAL - It is the policy of the United States to encourage States to coordinate, on a regional basis, State energy policies to provide reliable and affordable demand response services to the public.

(2) TECHNICAL ASSISTANCE.-The Secretary of Energy shall provide technical assistance to States and regional organizations formed by 2 or more States to assist them in-

(A) identifying the areas with the greatest demand response potential;

(B) identifying and resolving problems in transmission and distribution networks, including through the use of demand response;

(C) developing plans and programs to use demand response to respond to peak demand or emergency needs; and

(D) identifying specific measures consumers can take to participate in these demand response programs.

(3) REPORT - Not later than 1 year after the date of enactment of the Energy Policy Act of 2005, the Commission shall prepare and publish an annual report, by appropriate region, that assesses demand response resources, including those available from all consumer classes, and which identifies and reviews-

(A) saturation and penetration rate of advanced meters and communications technologies, devices and systems;

(B) existing demand response programs and time-based rate programs;

(C) the annual resource contribution of demand resources;

(D) the potential for demand response as a quantifiable, reliable resource for regional planning purposes;

(E) steps taken to ensure that, in regional transmission planning and operations, demand resources are provided equitable treatment as a quantifiable, reliable resource relative to the resource obligations of any load-serving entity, transmission provider, or transmitting party; and

(F) regulatory barriers to improved customer participation in demand response, peak reduction and critical period pricing programs.

(f) FEDERAL ENCOURAGEMENT OF DEMAND RESPONSE DEVICES.-It is the policy of the United States that time-based pricing and other forms of demand response, whereby electricity customers are provided with electricity price signals and the ability to benefit by responding to them, shall be encouraged, the deployment of such technology and devices that enable electricity customers to participate in such pricing and demand response systems shall be facilitated, and

unnecessary barriers to demand response participation in energy, capacity and ancillary service markets shall be eliminated. It is further the policy of the United States that the benefits of such demand response that accrue to those not deploying such technology and devices, but who are part of the same regional electricity entity, shall be recognized.

(g) TIME LIMITATIONS.-Section 112(b) of the Public Utility Regulatory Policies Act of 1978 (16 U.S^.C. 2622(b)) is amended by adding at the end the following:

"(4)(A) Not later than 1 year after the enactment of this paragraph, each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall commence the consideration referred to in section 111, or set a hearing date for such consideration, with respect to the standard established by paragraph (1 4) of section 111(d).

"(13) Not later than 2 years after the date of the enactment of this paragraph, each State regulatory authority (with respect to each electric utility for which it has ratemaking authority), and each nonregulated electric utility, shall complete the consideration, and shall make the determination, referred to in section 111 with respect to the standard established by paragraph (14) of section 111(d).".

(h) FAILURE TO COMPLY.-Section 112(c) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622(c)) is amended by adding at the end the following:
"In the case of the standard established by paragraph (14) of section 111(d), the reference contained in this subsection to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of such paragraph (14). " ^-

(i) PRIOR STATE ACTIONS REGARDING SMART METERING STANDARDS.-
(1) IN GENERAL - Section 112 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622) is amended by adding at the end the following:

"(e) PRIOR STATE ACTIONS - Subsections (b) and (c) of this section shall not apply to the standard established by paragraph (14) of section 111(d) in the case of any electric utility in a State if, before the enactment of this subsection -

"(1) the State has implemented for such utility the standard concerned (or a comparable standard);

"(2) the State regulatory authority for such State or relevant nonregulated electric utility has conducted a proceeding to consider implementation of the standard concerned (or a comparable standard) for such utility within the previous 3 years; or

"(3) the State legislature has voted on the implementation of such standard (or a comparable standard) for such utility within the previous 3 years.".

(2) CROSS REFERENCE.-Section 124 of such
Act (16 U.S.C. 2634) is amended by adding the following at the end thereof. "In the case of the standard established by paragraph (14) of section 111(d), the reference contained in this subsection to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of such paragraph (14).".

JAW EXHIBIT JAW-3

Subtitle B – Standards for Electric Utilities

16 U.S.C. § 2621. (PURPA SECTION 111) Consideration and determination respecting certain ratemaking standards

(a) Consideration and determination

Each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard established by subsection (d) of this section and make a determination concerning whether or not it is appropriate to implement such standard to carry out the purposes of this chapter. For purposes of such consideration and determination in accordance with subsections (b) and (c) of this section, and for purposes of any review of such consideration and determination in any court in accordance with section 2633 of this title, the purposes of this chapter supplement otherwise applicable State law. Nothing in this subsection prohibits any State regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard, pursuant to its authority under otherwise applicable State law.

(b) Procedural requirements for consideration and determination

(1) The consideration referred to in subsection (a) of this section shall be made after public notice and hearing. The determination referred to in subsection (a) of this section shall be—

(A) in writing,

(B) based upon findings included in such determination and upon the evidence presented at the hearing, and

(C) available to the public.

(2) Except as otherwise provided in paragraph (1), in the second sentence of section 2622 (a) of this title, and in sections 2631 and 2632 of this title, the procedures for the consideration and determination referred to in subsection (a) of this section shall be those established by the State regulatory authority or the nonregulated electric utility.

(c) Implementation

(1) The State regulatory authority (with respect to each electric utility for which it has ratemaking authority) or nonregulated electric utility may, to the extent consistent with otherwise applicable State law—

(A) implement any such standard determined under subsection (a) of this section to be appropriate to carry out the purposes of this chapter, or

(B) decline to implement any such standard.

(2) If a State regulatory authority (with respect to each electric utility for which it has ratemaking authority) or nonregulated electric utility declines to implement any standard established by subsection (d) of this section which is determined under subsection (a) of this section to be appropriate to carry out the purposes of this chapter, such authority or nonregulated electric utility shall state in writing the reasons therefore. Such statement of reasons shall be available to the public.

(3) If a State regulatory authority implements a standard established by subsection (d)(7) or (8) of this section, such authority shall—

(A) consider the impact that implementation of such standard would have on small businesses engaged in the design, sale, supply, installation or servicing of energy conservation, energy efficiency or other demand side management measures, and

(B) implement such standard so as to assure that utility actions would not provide such utilities with unfair competitive advantages over such small businesses.